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Market Administrator's BULLETIN

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Dairy Price Support And Related Programs 1949-1968

U. S. Department of Agriculture

Prices received by dairy farmers have been substantially higher since 1949, than they otherwise would have been, as a result of price-support purchases of dairy products by Commodity Credit Corporation and other related program activities. The Agricultural Act of 1948 required the support of milk and butterfat prices at 90 percent of their parity prices during 1949. The price support has been carried out since January 1950 under the Agricultural Act of 1949. This Act requires the Secretary of Agriculture to support the prices to producers for milk and butterfat at such level between 75 and 90 percent of parity as will assure an adequate supply, through loans on, or purchases of, milk and dairy products.

While the price support has been carried out mainly by purchases of butter, Cheddar cheese, and nonfat dry milk, these operations have been supplemented by several other related programs.

From 1954 to 1965 CCC financed part of the cost of increases in purchases and uses of fluid milk by the Armed Forces and Veterans hospitals, as a part of the dairy support program.

From 1962-63 to 1965-66, CCC made payment-in-kind payments to exporters of butter and other high-fat dairy products, and nonfat dry milk, from commercial supplies.

Milk has been served as a part of the plate lunches in schools participating in the National School Lunch Program, financed in part by funds appropriate to carry out the National School Lunch Act of 1946.

In addition, a Special Milk Program has been in operation since 1954 to help provide more milk for children in schools, child-care centers, summer camps, and similar nonprofit institutions.

Another program, closely related to the support program, has been the Federal Milk Order Program which has required handlers in a great many fluid milk markets to pay farmers not less than specified prices for milk. This program covered about 70 percent of the milk eligible for fluid use in the United States in 1968.

Dairy farmers throughout the Nation have benefited from the price support and related programs. The price support purchases have kept market prices of dairy products higher than they otherwise would have been and have removed from the market any milk produced in excess of consumption of milk and its products on farms and in the market. This has supported the general level of prices received by farmers for manufacturing milk and butterfat, including milk marketed under milk orders but used in manufacturing dairy products. It

has also bolstered the prices received by farmers for milk used in fluid uses because the Class I prices of such milk in most Federal order markets have been directly or indirectly related to the prevailing prices of manufacturing milk.

Although dairy farmers were in a tightening cost-price squeeze, and a great many of them quit dairying, total milk production trended upward during the 1950's and early 1960's, as increasing production per cow more than offset the declining number of cows. Meanwhile, there was little increase in total consumption of milk and its products as a group on farms and in the market, despite the growing population, and rising employment, wage rates, and disposable consumer incomes. Production substantially exceeded such total consumption during most of the period. Sizeable support purchases were made in every marketing year, except the 1951-52 Korean war year, removing from the market the milk equivalent (fat solids basis) of 3 to 9 percent of the total farm marketings of milk and cream.

After reaching an all-time high of 217 billion pounds in 1964, total milk production turned downward in the spring of 1965 and by early 1966 was running about 7 percent below a year earlier. This resulted mostly from an increased exodus of farmers out of

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Cincinnati

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

	Jan. 1969	Dec. 1968	Jan. 1968
Producers' Uniform Price (3.5%)	\$5.81*	\$6.10*	\$5.52
Class I (3.5%)	6.22	6.22	5.95
Class II (3.5%)	4.19	4.27	3.91
Producer Butterfat Differential for each 1/10%	8.0¢	8.0¢	8.2¢

*Producer location differential—

Distance of Receiving plant from City Hall, Cincinnati, Ohio.

30 but less than 40 miles .06¢ less

40 but less than 50 miles .08¢ less

50 but less than 60 miles .10¢ less

Each additional 10 miles or fraction thereof, an additional .015

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	80.37	79.61	80.28
Percent of Producer Milk in Class II	19.63	20.39	19.72

PRODUCTION SUMMARY

Total Bulk Tank Milk Deliveries	55,483,516	53,990,080	51,876,453
Total Can Milk Deliveries	1,037,901	1,055,115	3,163,067
Total Pounds Producer Milk Delivered	56,521,417	55,045,195	55,039,520
Percentage of Tank Milk to Total Deliveries	98.16	98.08	94.25
Number of Tank Producers	2,532	2,536	2,442
Number of Can Producers	96	100	316
Total Number of Producers	2,628	2,636	2,758
Percentage of Tank Producers to Total Producers ...	96.35	96.20	88.54
Average Daily Receipts per Tank Producer	707	687	685
Average Daily Receipts per Can Producer	349	340	323
Average Daily Receipts per All Producers	694	674	644
Average Butterfat Test of All Producers	3.86	3.87	3.87
Average Daily Class I Use (Gross)	1,699,910	1,630,364	1,576,601

VALUE SUMMARY

Total Value of Average Test	\$3,445,126	\$3,519,846	\$3,199,647
Income per Producer (7 Day Average)	\$296	\$301	\$261

AVERAGE DAILY SALES (Quarts)

Milk	538,805	514,608	540,514
Buttermilk	16,715	15,400	16,057
Chocolate	36,303	29,453	35,565
Skim	134,273	124,757	124,898
Cream	9,761	22,259	9,894

COMPARATIVE STATISTICS

CINCINNATI MARKETING AREA

JAN., 1960 - '69

Year	Receipts from Producers	Average Butter fat Test	Percentage of Producer Milk in Each Class			Uniform Producer Price (3.5%)	Class Prices at 3.5%			Number of Producers	Daily Average Production
			Class I	Class II	Class III		Class I	Class II	Class III		
1960	44,072,494	3.90	70.1	18.3	11.6	4.37	4.9848	3.0506	3.0506	3,973	358
1961	47,403,476	3.87	68.6	15.4	16.0	4.43	5.0400	3.1745	3.1745	3,938	388
1962	51,717,885	3.87	72.2	15.5	12.3	4.42	4.8799	3.3705	3.3705	3,778	442
1963	52,107,925	3.86	72.8	16.2	11.0	4.25	4.72	3.1033	3.1033	3,419	492
1964	55,136,205	3.84	70.4	14.0	15.6	4.25	4.77	3.1174	3.1174	3,304	538
1965	53,965,858	3.84	69.8	13.7	16.5	4.31	4.84	3.1114	3.1114	3,087	564
1966	60,397,383	3.82	72.9	16.2	10.9	4.49	5.02	3.1916	3.1916	3,189	611
1967	63,694,819	3.84	68.8	31.2	-----	5.18	5.78	3.92	-----	3,029	678
1968	55,039,520	3.87	80.3	19.7	-----	5.52	5.95	3.91	-----	2,758	644
1969	55,483,516	3.86	80.4	19.6	-----	5.81	6.22	4.19	-----	2,628	694

U. S. Dairy Exports Gain In 1968

Dairy Situation, November, 1968

U. S. exports of dairy products, including those under Government programs, are expected to total about 1 billion pounds milk equivalent in 1968, up 0.5 billion pounds from the previous year. However, much of the gain is due to the estimated 30 million pounds of butter being donated under P.L. 480 programs this year. In 1967, P.L. 480 donations were negligible. Condensed milk exports are running above the 1967 level and may reach 40 million pounds, mostly to South Vietnam under Title I, P.L. 480. Exports of evaporated milk and nonfat dry milk in January-September 1968 were below a year earlier, while exports of other dairy products showed little change. These quantities do not include product shipments to U. S. territories.

In 1968, off-shore shipments of dairy products to U. S. territories will equal about 0.5 billion pounds of

milk, about the same as in 1967 January-September shipments of butter, cheese, and evaporated milk were above year-earlier levels, but dry whole milk and nonfat dry milk were down.

Although USDA nonfat dry milk donations under Food for Peace programs were below a year earlier in January-September 1968, foreign sales were sharply above negligible year-earlier levels. Through September, sales were about 100 million pounds. The bulk of these sales were non-commercial to Mexico, Japan, and Brazil for use in school lunch and welfare programs. About 25 million pounds have been sold to exporters for shipment to U. S. plants abroad for recombining or moved under Title I, P. L. 480 (Sales for foreign currency). However, exports of nonfat dry milk may total less than 1967's 409 million pounds.

USDA Proposes Cattle Identification Regulations

U.S. Dept. of Agriculture, January, 1969

Identification regulations governing the interstate movement of cattle have been proposed to provide further safeguards to animals moving through markets, the U.S. Department of Agriculture reports.

The proposed amendment will help the cattle industry by expanding surveillance of the brucellosis and tuberculosis programs, resulting in less herd testing on farms and ranches. Infected herds will be more rapidly located and corrective measures taken to reduce the

spread within and from these herds. It will also help in meeting certification requirements of foreign countries for animals that we export to them, according to Animal Health officials of USDA's Agricultural Research Service.

Under the proposed amendment, all cattle 2 years of age or older moving interstate for slaughter--except steers and spayed heifers--must be identified by a USDA approved backtag or a registered brand.

USDA-HEW To Propose Joint Milk Mfg. Standards

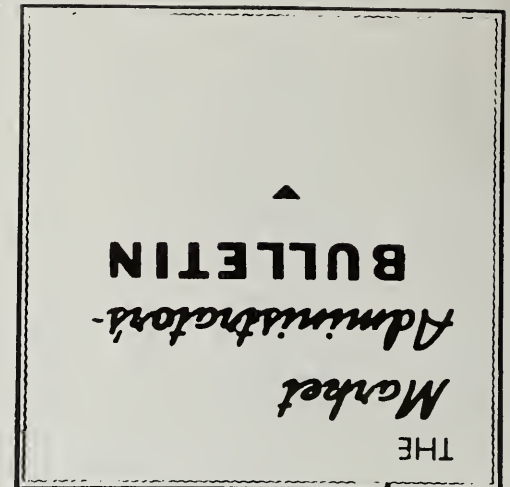
U.S. Dept. of Agriculture, February, 1969

The U.S. Departments of Agriculture and Health, Education and Welfare will work together to develop proposed standards for manufacturing milk, it was announced jointly by Secretary of Agriculture Clifford M. Hardin and Secretary of Health, Education and Welfare Robert H. Finch.

The proposed standards will seek to eliminate current duplication in the field and will be for State adoption and enforcement. They will be designed to promote better care and sanitary practices in milk production, assure that processing methods and practices are adequate to attain higher quality and greater stability in the finished dairy products, and increased consumer acceptance of these products.

It was agreed that there was a need for both Departments to ascertain all of the facts in this area, review criticisms and comments, and give careful consideration to a uniform and coordinated approach. HEW will not issue its proposed model ordinance on manufactured milk drafted in December, 1968, until this review is completed. This will allow the new Administration the opportunity to evaluate all approaches which can lead to a more effective program in this area.

Both Secretaries Hardin and Finch emphasized that the action today is an indication of the urgent need for effective standards and that the resources of both Departments will be used to assure wholesome, stable, and high quality dairy products for the American consumer.



Dairy Price Support . . .

(Continued from Front Page)

dairying and an unusually sharp decline in number of milk cows -- about double the preceding 10 year-average rate of decline. The decrease in milk production reduced the supply of manufacturing milk. Production of butter and nonfat dry milk declined markedly. CCC's purchases of dairy products decreased in the 1965-66 marketing year.

In order to improve farmers' incomes, stem sharply declining milk production, and assure adequate supplies for consumers, the Secretary of Agriculture increased the support prices on April 1, 1966, from \$3.24 to \$3.50 a hundred pounds for manufacturing milk and from 59.4 to 61.6 cents a pound for butterfat. He also announced other actions to increase the Class I prices to producers for bottling milk marketed under Federal milk orders.

Milk production continued to decline during the spring months of 1966. On June 29, 1966, the Secretary announced a further increase in the support level to \$4.00 for manufacturing milk (near 90 percent of the parity equivalent price) and about 68 cents for butterfat. He also announced more actions to raise further the Class I prices to producers for bottling milk for the remainder of the 1966-67 marketing year. In order to help farmers plan their future dairy operations, the Secretary assured them in October, 1966, that the support prices would

Market Quotations

JANUARY
1969

MINNESOTA-WISCONSIN PRICE SERIES	\$4.27
Butter-nonfat dry milk price, 3.5% per cwt. (Columbus)	4.19
Average Price per lb. 92-score butter at Chicago	.6641
Average carlot prices, spray process nonfat dry milk, f.o.b. Chicago area manufacturing plants	.2295

be continued at \$4.00 for manufacturing milk and 68 cents for butterfat in the 1967-68 marketing year.

As retail prices rose to reflect the higher producer prices of milk, consumption of milk and most of its products decreased somewhat in 1967. CCC's price support purchases increased in the 1967-68 marketing year when they removed from the market the equivalent of about six percent of the total farm marketings of milk and cream.

Milk production in early 1968, however, dropped about 2.5 percent below a year earlier as the number of milk cows decreased another 5 percent. The Secretary increased the support level for manufacturing milk to \$4.28 -- near 90 percent of the increased parity equivalent price -- for the 1968-69 marketing year.

Dairy products acquired by CCC have been used in many ways. All of the butter and cheese, and most of the nonfat dry milk, has been sold or donated for consumption as human food. Principal uses of the products

have included: sales back to the domestic market when possible at prices moderately above the support level;

sales for commercial export at prices competitive in world trade; sales to foreign governments and international agencies at concessional prices for foreign school and welfare uses; donations to the U. S. Armed Forces and Veterans hospitals for their increased use; and donations for domestic and foreign school and welfare uses. Most of the butter and cheese, and substantial quantities of nonfat dry milk have been used in domestic programs. Large quantities of nonfat dry milk, however, and occasionally some butter and cheese, have gone into foreign school lunch and other foreign aid program uses. These uses have helped to improve the diets of millions of children and needy persons in the United States, and in over a hundred foreign countries. Such dispositions have kept CCC's stocks of dairy products down to manageable volumes in most years.